

## Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 AF-10 ARA-06 EA-07 EUR-12 NEA-10

ERDA-05 AID-05 CEA-01 CIAE-00 COME-00 DODE-00

FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 FEA-01 IO-13 /146 W

-----262024Z 124848 /61

R 261223Z APR 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 705

INFO AMEMBASSY ABIDJAN

AMEMBASSY ABU DHABI

AMEMBASSY ACCRA

AMEMBASSY ALGIERS

AMEMBASSY BONN

USINT BAGHDAD

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY COTONOU

AMEMBASSY DAKAR

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY THE HAGUE

AMEMBASSY JAKARTA

AMEMBASSY FREETOWN

AMEMBASSY JIDDA

AMEMBASSY KINSHASA

AMEMBASSY KUWAIT

AMEMBASSY LIBREVILLE

AMEMBASSY LOME

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY TEHRAN

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AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMEMBASSY YAOUNDE

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E.O. 11652: N/A

TAGS: ENRG, NI

SUBJECT: NIGERIA SETS SECOND QUARTER POSTED PRICES: IMPROVES  
OIL COMPANY PROFIT MARGINS SLIGHTLY

REF: A) LAGOS 4025 (NOTAL); B) LAGOS 4081; C) LAGOS 3728;  
D) LAGOS 0269

1. SECOND QUARTER POSTED PRICES FOR VARIOUS EXPORT BLENDS  
OF NIGERIAN CRUDE OIL HAVE BEEN SET AS FOLLOWS. ALL PRICES IN  
DOLLARS PER BARREL. FIRST QUARTER POSTED PRICE IN PARENTHESES.

A) BRASS RIVER 41.7 API, 15.625 (15.393);

B) BONNY LIGHT AND QUA IBOE 37 API, 15.523 (15.291);

C) ESCRAVOS 36 API, 15.487 (15.257);

D) PENNINGTON 34 API, 15.420 (15.188);

FORCADOS 31 API, 15.284 (15.029);

F) BONNY MEDIUM 26 API, 14.534 (14.609)

2. POSTED PRICE OF ALL CRUDES EXCEPT BONNY MEDIUM SET IN  
SUCH A WAY THAT COMPANIES TAX PAID COST ROSE LESS THAN SALES  
PRICE, THEREBY INCREASING COMPANY PROFIT MARGINS APPROXIMATELY  
10 CENTS TO A TOTAL OF 80 CENTS PER BARREL. TAX PAID COST  
OF BONNY MEDIUM DECLINED WHILE SALES PRICE UNCHANGED, THUS  
RAISING PROFIT MARGIN FROM 70 TO 77 CENTS PER BARREL.

3. MINISTRY OF PETROLEUM RESOURCES OFFICIALS TOLD OIL COMPANIES  
IN DISCUSSIONS OF NEW INVESTMENT INCENTIVES (SEE REFTEL A)  
THAT THEY PROPOSED AS ONE OF THE INCENTIVES TO ENSURE THAT IN  
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THIS AND SUBSEQUENT QUARTERS THE POSTED PRICE WILL BE SET IN  
SUCH A WAY THAT COMPANY MARGINS WILL STAY AT 80 CENTS PER  
BARREL ON THEIR EQUITY OIL. THIS IMPROVEMENT, NOT INCLUDED  
IN EARLIER REPORTING ON INCENTIVES, WAS WELCOMED BY OIL  
COMPANIES. HOWEVER, THEY HAD HOPED THAT MARGIN WOULD BE  
INCREASED TO MINIMUM OF 85 CENTS, AND PREFERABLY ONE DOLLAR.

4. TECHNICAL NOTE: BRASS RIVER CRUDE HAS IN PAST BEEN  
43 GRAVITY. HOWEVER, LOWER GRAVITY 33 API CRUDE FROM SHELL-BP'S  
LARGE NEW NEMBE CREEK FIELD IS NOW BEING EXPORTED THROUGH  
BRASS RIVER TERMINAL AND HAS LOWERED THE AVERAGE  
GRAVITY TO 41.7 ACCORDING TO INDUSTRY SOURCES. NIGERIA  
MAINTAINS A 3 CENTS PER DEGREE GRAVITY DIFFERENTIAL. HOWEVER,  
THIS DOES NOT APPLY TO GRAVITIES HIGHER THAN 40 API, SO THAT  
REGARDLESS OF ITS EXACT GRAVITY BRASS RIVER CRUDE IS PRICED  
9 CENTS HIGHER THAN BONNY LIGHT 37 API. (THE GRAVITY  
DIFFERENTIAL ALSO NO LONGER APPLIES TO 26 API BONNY LIGHT OR  
31 API FORCADOS. THESE HEAVIER CRUDES HAVE HAD TO BE PRICED  
LOWER THAN WOULD BE DICTATED BY THE GRAVITY DIFFERENTIAL IN

ORDER TO MAINTAIN SALES.)

5. THE SALES PRICES REPORTED BY THE EMBASSY IN REFTELS  
B AND C DIFFER BY 2 CENTS PER BARREL FROM THOSE RECENTLY STATED  
IN PIW SINCE PIW NOW INCLUDES A HARBOR DUES FEE OF 2 CENTS  
PER BARREL IN THE PRICE.  
EASUM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, PRICES, QUARTERLY REPORTS  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977LAGOS04640  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770145-0729  
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**Message ID:** 72931c9f-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 LAGOS 4025, 77 LAGOS 4081, 77 LAGOS 3728  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 15-Nov-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2693649  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NIGERIA SETS SECOND QUARTER POSTED PRICES: IMPROVES OIL COMPANY PROFIT MARGINS SLIGHTLY  
**TAGS:** ENRG, ETRD, NI  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/72931c9f-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
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